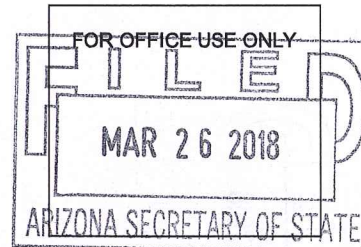


RECEIVED MAR 26 2018
STATE OF ARIZONA

Application for Serial Number
Initiative Petition
A.R.S. § 19-111



The undersigned intends to circulate and file an initiative petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Attached hereto is the full title and text, in no less than eight point type, of the measure or constitutional amendment intended to be initiated at the next general election.

☒ **Statutory Measure**

☐ **Constitutional Amendment**

Date of Application March 26, 2018

Signatures Required 150,642

Deadline for Filing July 5, 2018

Serial Number Issued I-15-2018

This measure would require annual inspections of dialysis centers to ensure their provision of high-quality and affordable patient care through adequate hygiene, sanitation, and infection control; compliance with applicable laws; and adequacy of patient care. It would require dialysis centers or entities that own and operate them to refund to payers those charges that are more than 15 percent above the costs of direct patient care and health care quality improvements. The measure would require dialysis centers and the entities that own and operate them to submit compliance reports to the Department of Health Services, and authorize penalties for non-compliance.

René Bernal-Mejia

Name of Applicant

2560 W. Calle Puebla

Address

Tucson AZ 85745

City

State

Zip

480.588.6120

Telephone Number

james@thetorresfirm.com

E-mail Address

ARIZONANS FOR KIDNEY DIALYSIS PATIENT PROTECTION

Committee Name

201800468

Committee ID No.

Arianna Jimenez

Chairperson

Suzanne Jimenez

Treasurer

2239 West Baseline Road

Committee Address

Tempe AZ 85283

City

State

Zip

480.588.6120

Committee Telephone Number

james@thetorresfirm.com

Committee E-mail Address

By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:



That I have read and understand the accompanying Instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.



That at the time of filing, I was provided instructions regarding accurate completion of the electronic Statewide Initiative Petition form.

René Bernal-Mejia

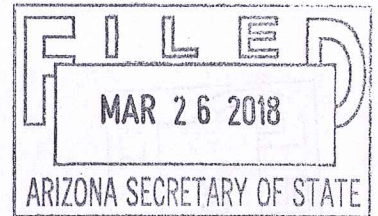
Applicant Signature

3/22/18

Date

Office of the Secretary of State
1700 W. Washington Street
Phoenix, Arizona 85007

Rev. 06/01/2017



OFFICIAL TITLE
AN INITIATIVE MEASURE

AMENDING TITLE 26, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 10.1; PROMOTING KIDNEY DIALYSIS FACILITY SAFETY, PATIENT PROTECTION, AND TREATMENT AFFORDABILITY.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

Section 1. Title 36, Chapter 4, Arizona Revised Statutes, is amended by adding a new article 10.1, to read:

ARTICLE 10.1 KIDNEY DIALYSIS PATIENT PROTECTION

36-449.51. Short title

This act may be cited as the “Kidney Dialysis Patient Protection Act.”

36-449.52. Inspections to ensure patient safety and quality of patient care

A. THE DEPARTMENT SHALL INSPECT EACH DIALYSIS CENTER AT LEAST ONCE PER YEAR, AND SHALL CONDUCT SUCH INSPECTIONS AS OFTEN AS NECESSARY TO ENSURE THE EXISTENCE OF AND COMPLIANCE WITH ADEQUATE HYGIENE, SANITATION, AND INFECTION CONTROL POLICIES AND PROCEDURES; COMPLIANCE WITH THIS ARTICLE AND RULES ISSUED HEREUNDER AND OTHER FEDERAL, STATE, AND LOCAL LAWS AND RULES GOVERNING DIALYSIS CENTERS (INCLUDING RULES ISSUED UNDER THIS CHAPTER); AND THE ADEQUACY OF THE QUALITY OF CARE BEING PROVIDED. INSPECTIONS SHALL INCLUDE A REVIEW OF THE ADEQUACY OF AND COMPLIANCE WITH EACH DIALYSIS CENTER’S PROCEDURES FOR HANDLING AND DISPOSAL OF BIOHAZARDOUS AND POTENTIALLY INFECTIOUS WASTE; CLEANING AND MAINTENANCE OF EQUIPMENT; CLEANING AND DISINFECTION OF SURFACES IN PATIENT-CARE AREAS; AND ADHERENCE TO PATIENT CARE PLANS.

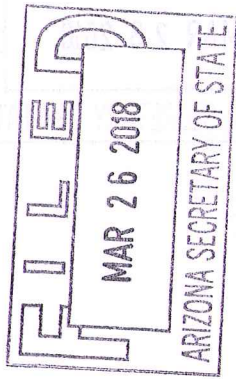
B. SECTION 36-424, SUBSECTION B AND SECTION 36-425, SUBSECTION E SHALL NOT APPLY TO DIALYSIS CENTERS.

36-449.53. Ensuring reasonable limits on charges for patient care by dialysis centers

A. REASONABLE CHARGES FOR PATIENT CARE BY DIALYSIS CENTERS; REFUNDS OF AMOUNTS CHARGED IN EXCESS OF REASONABLE CHARGES.

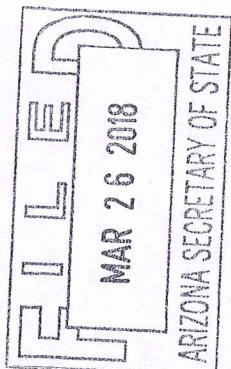
1. FOR EACH FISCAL YEAR STARTING ON OR AFTER JANUARY 1, 2019, A DIALYSIS GOVERNING AUTHORITY OR ITS DIALYSIS CENTERS SHALL ANNUALLY ISSUE REFUNDS TO PAYERS AS FOLLOWS:

(a) THE DIALYSIS GOVERNING AUTHORITY SHALL CALCULATE THE



“UNFAIR EXCESS CHARGED AMOUNT,” WHICH SHALL BE THE AMOUNT, IF ANY, BY WHICH TREATMENT REVENUE FROM TREATMENTS PROVIDED BY ALL OF THE DIALYSIS GOVERNING AUTHORITY’S DIALYSIS CENTERS IN A FISCAL YEAR EXCEEDS THE “REASONABLE CHARGES FOR DIALYSIS TREATMENTS,” WHICH SHALL BE 115 PERCENT OF THE SUM OF ALL DIRECT PATIENT CARE SERVICES COSTS AND ALL HEALTH CARE QUALITY IMPROVEMENT COSTS INCURRED BY A DIALYSIS GOVERNING AUTHORITY AND ALL OF ITS DIALYSIS CENTERS IN THAT SAME FISCAL YEAR.

- (b) THE DIALYSIS GOVERNING AUTHORITY OR ITS DIALYSIS CENTERS SHALL, ON A PRO RATA BASIS BASED ON THE AMOUNTS PAID AND ESTIMATED REALIZABLE, AS THOSE AMOUNTS ARE INCLUDED IN TREATMENT REVENUE FOR THE FISCAL YEAR AT ISSUE, ISSUE REFUNDS TO PAYERS (OTHER THAN MEDICARE OR OTHER FEDERAL, STATE, COUNTY, CITY, OR LOCAL GOVERNMENT PAYERS) IN AMOUNTS THAT TOTAL THE UNFAIR EXCESS CHARGED AMOUNT FOR THE FISCAL YEAR.
 - (c) THE DIALYSIS GOVERNING AUTHORITY OR DIALYSIS CENTER SHALL ISSUE ANY REFUNDS REQUIRED BY THIS SECTION NO LESS THAN 90 DAYS AND NO MORE THAN 210 DAYS AFTER THE END OF ITS FISCAL YEAR TO WHICH THE REFUND RELATES.
 - (d) WHERE, IN ANY FISCAL YEAR, THE REFUND THE DIALYSIS GOVERNING AUTHORITY OR DIALYSIS CENTER MUST ISSUE TO A SINGLE PAYER IS LESS THAN TWENTY DOLLARS (\$20), THE DIALYSIS GOVERNING AUTHORITY OR DIALYSIS CENTER SHALL NOT ISSUE THAT REFUND, AND SHALL PROVIDE TO OTHER PAYERS IN ACCORDANCE WITH SUBDIVISION (b) THE TOTAL AMOUNT OF REFUNDS NOT ISSUED PURSUANT TO THIS SUBDIVISION.
 - (e) FOR EACH FISCAL YEAR STARTING ON OR AFTER JANUARY 1, 2020, ANY REFUND ISSUED TO A PAYER SHALL BE ISSUED TOGETHER WITH INTEREST THEREON AT THE RATE OF INTEREST SPECIFIED IN SECTION 44-1201, SUBSECTION A, WHICH SHALL ACCRUE FROM THE DATE OF PAYMENT BY THE PAYER.
2. FOR EACH FISCAL YEAR STARTING ON OR AFTER JANUARY 1, 2019, A DIALYSIS GOVERNING AUTHORITY SHALL MAINTAIN AND PROVIDE TO THE DEPARTMENT, ON A WRITTEN OR ELECTRONIC FORM THAT IS PRESCRIBED, PREPARED AND FURNISHED BY THE DEPARTMENT, AND ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT, A REPORT OF ALL REFUNDS ISSUED UNDER PARAGRAPH 1 OF THIS SUBSECTION, INCLUDING A DESCRIPTION OF EACH INSTANCE DURING THE PERIOD COVERED BY THE SUBMISSION WHEN THE REFUND WAS NOT TIMELY



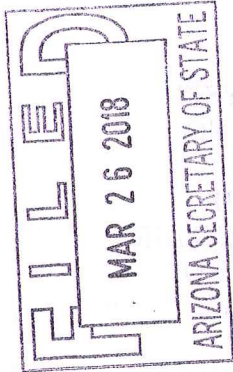
ISSUED IN FULL, AND THE REASONS AND CIRCUMSTANCES THEREFOR. THE CHIEF EXECUTIVE OFFICER OR PRINCIPAL OFFICER OF THE DIALYSIS GOVERNING AUTHORITY SHALL CERTIFY UNDER PENALTY OF PERJURY THAT HE OR SHE IS SATISFIED, AFTER REVIEW, THAT ALL INFORMATION SUBMITTED TO THE DEPARTMENT UNDER THIS PARAGRAPH IS ACCURATE AND COMPLETE.

3. IN THE EVENT A DIALYSIS GOVERNING AUTHORITY OR ITS DIALYSIS CENTER IS REQUIRED TO ISSUE A REFUND UNDER THIS SECTION, NO LATER THAN 210 DAYS AFTER THE END OF ITS FISCAL YEAR THE DIALYSIS GOVERNING AUTHORITY SHALL PAY A PENALTY TO THE DEPARTMENT IN AN AMOUNT EQUAL TO FIVE PERCENT OF THE UNFAIR EXCESS CHARGED AMOUNT, EXCEPT THAT THE PENALTY SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS (\$100,000). PENALTIES COLLECTED PURSUANT TO THIS PARAGRAPH SHALL NOT BE DEPOSITED IN THE STATE GENERAL FUND, AND SHALL BE USED BY THE DEPARTMENT TO IMPLEMENT AND ENFORCE LAWS AND RULES GOVERNING DIALYSIS CENTERS.
4. A DIALYSIS GOVERNING AUTHORITY OR DIALYSIS CENTER MAY PETITION THE DEPARTMENT AT ANY TIME FOR A DETERMINATION THAT, FOR A PARTICULAR FISCAL YEAR, THE REASONABLE CHARGES FOR DIALYSIS TREATMENTS ALLOWED BY THIS SECTION SHOULD BE INCREASED WITH RESPECT TO THAT DIALYSIS GOVERNING AUTHORITY OR DIALYSIS CENTER. THE DEPARTMENT MAY GRANT SUCH A PETITION ONLY UPON DETERMINING THAT THE PETITIONER HAS DEMONSTRATED THAT IT WOULD BE UNLAWFULLY CONFISCATORY TO CALCULATE THE REASONABLE CHARGES FOR DIALYSIS TREATMENTS AS 115 PERCENT OF THE SUM OF ALL DIRECT PATIENT CARE SERVICES COSTS AND ALL HEALTH CARE QUALITY IMPROVEMENT COSTS INCURRED BY A DIALYSIS GOVERNING AUTHORITY AND ALL OF ITS DIALYSIS CENTERS. IF THE DEPARTMENT GRANTS SUCH A PETITION, THE DEPARTMENT SHALL DETERMINE AND APPLY TO THE PETITIONER THE LOWEST NON-CONFISCATORY LIMITATION ON CHARGES FOR DIALYSIS TREATMENTS. THE DEPARTMENT'S DETERMINATIONS SHALL BE BASED ON EVIDENCE PRESENTED BY THE PETITIONER AND ANY OTHER EVIDENCE PRESENTED OR AVAILABLE TO THE DEPARTMENT.

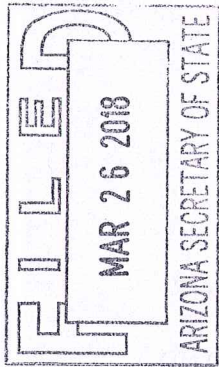
B. COMPLIANCE REPORTING BY DIALYSIS CENTERS.

1. FOR EACH FISCAL YEAR STARTING ON OR AFTER JANUARY 1, 2019, A DIALYSIS GOVERNING AUTHORITY SHALL MAINTAIN AND SUBMIT TO THE DEPARTMENT A REPORT CONCERNING THE FOLLOWING INFORMATION FOR ALL OF THE DIALYSIS CENTERS THE DIALYSIS GOVERNING AUTHORITY OWNS OR OPERATES IN ARIZONA—

(a) THE NUMBER OF TREATMENTS PERFORMED;



- (b) DIRECT PATIENT CARE SERVICES COSTS;
 - (c) HEALTH CARE QUALITY IMPROVEMENT COSTS;
 - (d) TREATMENT REVENUE, INCLUDING THE DIFFERENCE BETWEEN AMOUNTS BILLED BUT NOT YET PAID AND ESTIMATED REALIZABLE REVENUE;
 - (e) THE FAIR TREATMENT PAYMENT AMOUNT;
 - (f) THE UNFAIR EXCESS CHARGED AMOUNT;
 - (g) THE AMOUNT, IF ANY, OF EACH PAYER'S REFUND, PROVIDED THAT ANY INDIVIDUAL PATIENT SHALL BE IDENTIFIED USING ONLY A UNIQUE IDENTIFIER THAT DOES NOT REVEAL THE PATIENT'S NAME OR IDENTITY; AND
 - (h) A LIST OF PAYERS TO WHOM NO REFUND WAS ISSUED PURSUANT TO SUBSECTION A, PARAGRAPH 1, SUBDIVISION (d) OF THIS SECTION AND THE AMOUNT NOT ISSUED, PROVIDED THAT ANY INDIVIDUAL PATIENT SHALL BE IDENTIFIED USING ONLY A UNIQUE IDENTIFIER THAT DOES NOT REVEAL THE PATIENT'S NAME OR IDENTITY.
2. THE INFORMATION REQUIRED TO BE MAINTAINED AND THE REPORT REQUIRED TO BE SUBMITTED BY PARAGRAPH 1 OF THIS SUBSECTION SHALL EACH BE INDEPENDENTLY AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT WHO IS LICENSED IN THIS STATE OR WHO HAS A LIMITED RECIPROCITY PRIVILEGE PURSUANT TO SECTION 32-725 IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS, AND SHALL INCLUDE THE OPINION OF THAT CERTIFIED PUBLIC ACCOUNTANT AS TO WHETHER THE INFORMATION CONTAINED IN THE REPORT FULLY AND ACCURATELY DESCRIBES, IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES, THE INFORMATION REQUIRED TO BE REPORTED UNDER PARAGRAPH 1 OF THIS SUBSECTION.
3. THE DIALYSIS GOVERNING AUTHORITY SHALL ANNUALLY SUBMIT THE REPORT REQUIRED BY PARAGRAPH 1 OF THIS SUBSECTION TO THE DEPARTMENT ON A WRITTEN OR ELECTRONIC FORM THAT IS PRESCRIBED, PREPARED, AND FURNISHED BY THE DEPARTMENT, AND ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT, EXCEPT THAT THE DIALYSIS GOVERNING AUTHORITY SHALL SUBMIT THE INFORMATION NO LATER THAN 210 DAYS AFTER THE END OF ITS FISCAL YEAR. THE CHIEF EXECUTIVE OFFICER OR OTHER PRINCIPAL OFFICER OF THE DIALYSIS GOVERNING AUTHORITY SHALL CERTIFY UNDER PENALTY OF PERJURY THAT HE OR SHE IS SATISFIED, AFTER REVIEW, THAT THE REPORT SUBMITTED TO THE DEPARTMENT UNDER THIS SUBSECTION IS ACCURATE AND COMPLETE.



4. IN THE EVENT THE DEPARTMENT DETERMINES THAT A DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY FAILED TO MAINTAIN THE INFORMATION OR TIMELY SUBMIT A REPORT REQUIRED UNDER PARAGRAPH 1 OF THIS SUBSECTION OR PARAGRAPH 2 OF SUBSECTION A OF THIS SECTION, OR THAT THE AMOUNTS OR PERCENTAGES REPORTED BY THE DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY UNDER PARAGRAPH 1 OF THIS SUBSECTION WERE INACCURATE OR INCOMPLETE, OR THAT ANY FAILURE BY A DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY TO TIMELY ISSUE IN FULL A REFUND REQUIRED BY SUBSECTION A WAS NOT SUBSTANTIALLY JUSTIFIED, THE DEPARTMENT SHALL ASSESS A PENALTY AGAINST THE DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY NOT TO EXCEED ONE HUNDRED THOUSAND DOLLARS (\$100,000). THE DEPARTMENT SHALL DETERMINE THE AMOUNT OF THE PENALTY BASED ON THE SEVERITY OF THE VIOLATION, THE MATERIALITY OF THE INACCURACY OR OMITTED INFORMATION, AND THE STRENGTH OF THE EXPLANATION, IF ANY, FOR THE VIOLATION. PENALTIES COLLECTED PURSUANT TO THIS PARAGRAPH SHALL NOT BE DEPOSITED IN THE GENERAL FUND AND SHALL INSTEAD BE USED BY THE DEPARTMENT TO IMPLEMENT AND ENFORCE LAWS AND RULES GOVERNING DIALYSIS CENTERS.
- C. IF A DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY DISPUTES A DETERMINATION BY THE DEPARTMENT TO ASSESS A PENALTY PURSUANT TO THIS SECTION, OR THE AMOUNT OF AN ADMINISTRATIVE PENALTY, THE DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY MAY, WITHIN 10 WORKING DAYS, REQUEST A HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10. A DIALYSIS CENTER OR DIALYSIS GOVERNING AUTHORITY SHALL PAY ALL ADMINISTRATIVE PENALTIES WHEN ALL APPEALS HAVE BEEN EXHAUSTED AND THE DEPARTMENT'S POSITION HAS BEEN UPHELD. PENALTIES IMPOSED PURSUANT TO THIS SECTION ARE IN ADDITION TO AND NOT IN LIMITATION OF OTHER PENALTIES IMPOSED PURSUANT TO THIS CHAPTER.
- D. INFORMATION AND DOCUMENTS THAT DIALYSIS GOVERNING AUTHORITIES AND DIALYSIS CENTERS ARE REQUIRED TO SUBMIT TO THE DEPARTMENT PURSUANT TO THIS ARTICLE SHALL BE CONSIDERED PUBLIC RECORDS UNDER TITLE 39, CHAPTER 1 EXCEPT THAT, TO THE EXTENT PUBLIC DISCLOSURE OF THE INFORMATION AND DOCUMENTS WOULD DISCLOSE THE IDENTITY OR PERSONALLY IDENTIFIABLE INFORMATION OF A PATIENT, THE INFORMATION AND DOCUMENTS SHALL BE REDACTED TO THE EXTENT NECESSARY TO PROTECT PATIENT CONFIDENTIALITY.
- 36-449.54. No discrimination based on identity of payer
- A. NO DIALYSIS GOVERNING AUTHORITY AND NO DIALYSIS CENTER MAY DISCRIMINATE WITH RESPECT TO OFFERING OR PROVIDING CARE OR REFUSE TO OFFER OR PROVIDE CARE TO ANY PATIENT ON THE BASIS OF THE PAYER

FOR TREATMENT PROVIDED TO THE PATIENT, INCLUDING BUT NOT LIMITED TO ON THE BASIS THAT THE PAYER IS A PATIENT, PRIVATE PAYER OR INSURER, AHCCCS, MEDICAID, OR MEDICARE.

- B. NO DIALYSIS GOVERNING AUTHORITY AND NO DIALYSIS CENTER MAY TERMINATE, ABRIDGE, MODIFY, OR FAIL TO PERFORM UNDER ANY AGREEMENT TO PROVIDE SERVICES TO PATIENTS COVERED BY AHCCCS, MEDICAID, OR MEDICARE ON THE BASIS OF REQUIREMENTS IMPOSED BY THIS ARTICLE.

36-449.55. No taxpayer responsibility; funding source

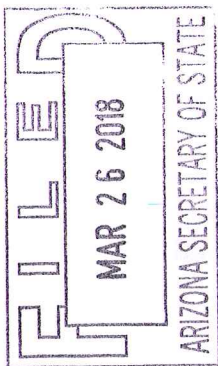
- A. IT IS THE INTENT OF THE PEOPLE THAT ARIZONA TAXPAYERS NOT BE FINANCIALLY RESPONSIBLE FOR IMPLEMENTATION AND ENFORCEMENT OF THE KIDNEY DIALYSIS PATIENT PROTECTION ACT. IN ORDER TO EFFECTUATE THAT INTENT, WHEN CALCULATING, SETTING, ASSESSING, AND COLLECTING FEES IMPOSED ON DIALYSIS CENTERS AND DIALYSIS GOVERNING AUTHORITIES PURSUANT TO SECTION 36-405, THE DEPARTMENT SHALL TAKE INTO ACCOUNT ALL COSTS ASSOCIATED WITH IMPLEMENTING AND ENFORCING THIS ARTICLE, INCLUDING THE REPAYMENT OF APPROPRIATIONS REQUIRED BY SUBSECTION B OF THIS SECTION, AND SHALL CALCULATE, SET, ASSESS, AND COLLECT SUCH FEES AS ARE NECESSARY TO COVER ALL SUCH COSTS.

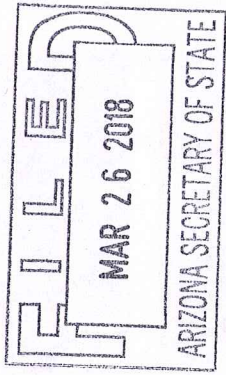
- B. FOR THE PURPOSES OF IMPLEMENTING AND ENFORCING THIS ARTICLE AND ISSUING, IMPLEMENTING, AND ENFORCING RULES ISSUED HEREUNDER, UPON PASSAGE OF THIS ACT, \$3,000,000 SHALL BE CONTINUOUSLY APPROPRIATED FROM THE INDIRECT COST FUND ESTABLISHED BY SECTION 36-108 WITHOUT REGARD TO FISCAL YEAR. SUCH APPROPRIATION IS EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS, AND SHALL LAPSE AT THE CLOSE OF FISCAL YEAR 2020-2021. BEGINNING AS SOON AS PRACTICABLE AND IN NO EVENT LATER THAN FISCAL YEAR 2020-2021, THE AMOUNT APPROPRIATED FROM THE INDIRECT COST FUND FOR IMPLEMENTATION OF THIS ACT SHALL BE REPAID FROM THE FEES CALCULATED, ASSESSED, AND COLLECTED PURSUANT TO SUBSECTION A OF THIS SECTION IN ANNUAL INSTALLMENTS OVER A PERIOD NOT TO EXCEED FIVE FISCAL YEARS.

36-449.56. Definitions

IN THIS ARTICLE:

- A. "DIRECT PATIENT CARE SERVICES COSTS" MEANS THOSE COSTS DIRECTLY ASSOCIATED WITH OPERATING A DIALYSIS CENTER IN ARIZONA AND PROVIDING CARE TO PATIENTS IN ARIZONA. DIRECT PATIENT CARE SERVICES COSTS SHALL INCLUDE, REGARDLESS OF THE LOCATION WHERE EACH PATIENT UNDERGOES DIALYSIS, ONLY (I) SALARIES, WAGES, AND BENEFITS OF NON-MANAGERIAL DIALYSIS CENTER STAFF, INCLUDING ALL



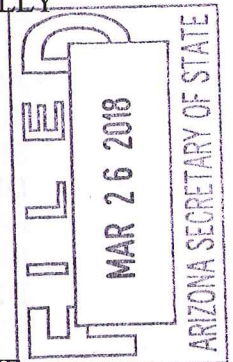


DIALYSIS CENTER PERSONNEL WHO FURNISH DIRECT CARE TO DIALYSIS PATIENTS, REGARDLESS OF WHETHER THE SALARIES, WAGES, OR BENEFITS ARE PAID DIRECTLY BY THE DIALYSIS CENTER OR INDIRECTLY THROUGH AN ARRANGEMENT WITH AN AFFILIATED OR UNAFFILIATED THIRD PARTY, INCLUDING BUT NOT LIMITED TO A DIALYSIS GOVERNING AUTHORITY, AN INDEPENDENT STAFFING AGENCY, A PHYSICIAN GROUP, OR A JOINT VENTURE BETWEEN A DIALYSIS CENTER AND A PHYSICIAN GROUP; (II) STAFF TRAINING AND DEVELOPMENT; (III) PHARMACEUTICALS AND MEDICAL SUPPLIES; (IV) FACILITY COSTS, INCLUDING RENT, MAINTENANCE, AND UTILITIES; (V) LABORATORY TESTING; AND (VI) DEPRECIATION AND AMORTIZATION OF BUILDINGS, LEASEHOLD IMPROVEMENTS, PATIENT SUPPLIES, EQUIPMENT, AND INFORMATION SYSTEMS. FOR PURPOSES OF THIS SECTION, "NON-MANAGERIAL DIALYSIS CENTER STAFF" INCLUDES ALL DIALYSIS CENTER PERSONNEL WHO FURNISH DIRECT CARE TO DIALYSIS PATIENTS, INCLUDING NURSES, HEMODIALYSIS TECHNICIANS AND HEMODIALYSIS TECHNICIAN TRAINEES, SOCIAL WORKERS, REGISTERED DIETITIANS, AND NON-MANAGERIAL ADMINISTRATIVE STAFF, BUT EXCLUDES MANAGERIAL STAFF SUCH AS FACILITY ADMINISTRATORS. CATEGORIES OF DIRECT PATIENT CARE SERVICES COSTS MAY BE FURTHER PRESCRIBED OR LIMITED BY THE DEPARTMENT THROUGH RULES TO EFFECTUATE THE PURPOSES OF THIS ARTICLE.

- B. "DIALYSIS GOVERNING AUTHORITY" MEANS A GOVERNING AUTHORITY, AS DEFINED IN SECTION 36-401, IN WHICH THE ULTIMATE RESPONSIBILITY AND AUTHORITY FOR THE CONDUCT OF A DIALYSIS CENTER ARE VESTED.
- C. "DIALYSIS CENTER" MEANS A HEALTH CARE INSTITUTION THAT PROVIDES LESS THAN 24-HOUR CARE FOR THE TREATMENT OF PATIENTS WITH END-STAGE RENAL DISEASE, INCLUDING RENAL DIALYSIS SERVICES. "DIALYSIS CENTER" INCLUDES ALL HEALTH CARE INSTITUTIONS WITHOUT INPATIENT BEDS THAT PROVIDE PHYSICAL HEALTH SERVICES OR BEHAVIORAL HEALTH SERVICES FOR THE DIAGNOSIS AND TREATMENT OF PATIENTS, TO THE EXTENT SUCH INSTITUTIONS PROVIDE DIALYSIS SERVICES, MEANING MEDICAL SERVICES, NURSING SERVICES, AND HEALTH-RELATED SERVICES TO PATIENTS RECEIVING DIALYSIS.
- D. "AHCCCS" MEANS THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION ESTABLISHED PURSUANT TO CHAPTER 29 OF THIS TITLE, OR ANY SUCCESSOR PROGRAM.
- E. "HEALTH CARE QUALITY IMPROVEMENT COSTS" MEANS COSTS, OTHER THAN DIRECT PATIENT CARE SERVICES COSTS, THAT ARE RELATED TO THE PROVISION OF CARE TO CHRONIC DIALYSIS PATIENTS AND THAT ARE ACTUALLY EXPENDED FOR GOODS OR SERVICES IN ARIZONA THAT ARE REQUIRED TO MAINTAIN, ACCESS OR EXCHANGE ELECTRONIC HEALTH INFORMATION, TO SUPPORT HEALTH INFORMATION TECHNOLOGIES, TO TRAIN NON-MANAGERIAL DIALYSIS CENTER STAFF ENGAGED IN DIRECT PATIENT CARE, AND TO PROVIDE PATIENT-CENTERED EDUCATION AND

COUNSELING. ADDITIONAL COSTS MAY BE IDENTIFIED BY THE DEPARTMENT THROUGH RULE, PROVIDED THAT SUCH COSTS ARE ACTUALLY SPENT ON SERVICES OFFERED AT THE DIALYSIS CENTER TO CHRONIC DIALYSIS PATIENTS AND ARE SPENT ON ACTIVITIES THAT ARE DESIGNED TO IMPROVE HEALTH QUALITY AND TO INCREASE THE LIKELIHOOD OF DESIRED HEALTH OUTCOMES IN WAYS THAT ARE CAPABLE OF BEING OBJECTIVELY MEASURED AND OF PRODUCING VERIFIABLE RESULTS AND ACHIEVEMENTS.

- F. "PAYER" MEANS THE PERSON OR PERSONS WHO PAID OR ARE FINANCIALLY RESPONSIBLE FOR PAYMENTS FOR A TREATMENT PROVIDED TO A PARTICULAR PATIENT, AND MAY INCLUDE THE PATIENT OR OTHER INDIVIDUALS, PRIMARY INSURERS, SECONDARY INSURERS, AND OTHER ENTITIES, INCLUDING MEDICARE AND ANY OTHER FEDERAL, STATE, COUNTY, CITY, OR OTHER LOCAL GOVERNMENT PAYER.
- G. "TREATMENT" MEANS EACH INSTANCE WHEN THE DIALYSIS CENTER PROVIDES SERVICES TO A PATIENT.
- H. "TREATMENT REVENUE" FOR A PARTICULAR FISCAL YEAR MEANS ALL AMOUNTS ACTUALLY RECEIVED AND ESTIMATED REALIZABLE REVENUE FOR TREATMENTS PROVIDED IN THAT FISCAL YEAR. ESTIMATED REALIZABLE REVENUE SHALL BE CALCULATED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, AND SHALL BE A REASONABLE ESTIMATE BASED ON (I) CONTRACTUAL TERMS FOR PATIENTS COVERED UNDER COMMERCIAL HEALTHCARE PLANS WITH WHICH THE DIALYSIS GOVERNING AUTHORITY OR DIALYSIS CENTER HAVE FORMAL AGREEMENTS; (II) REVENUE FROM MEDICARE, MEDICAID, AND AHCCCS BASED ON RATES SET BY STATUTE OR RULE, AND ESTIMATES OF AMOUNTS ULTIMATELY COLLECTIBLE FROM GOVERNMENT PAYERS, COMMERCIAL HEALTHCARE PLAN SECONDARY COVERAGE, PATIENTS, AND OTHER PAYERS; AND (III) HISTORICAL COLLECTION EXPERIENCE.



36-449.58. Severability

IF A PROVISION OF THIS ARTICLE OR ITS APPLICATION TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THE ARTICLE THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS ARTICLE ARE SEVERABLE.

Sec. 2. Implementing regulations

The department of health services shall issue regulations necessary to implement this act no later than 180 days following its effective date.